gar agribusiness and food

Press Release

Golden Agri-Resources' first quarter 2018 results impacted by moderation in plantation output and CPO prices

- Resilient first quarter 2018 EBITDA[1] of US$121 million despite lower palm product output by 12 percent year-on-year to 612,000 tonnes
- Financial position remained healthy with adjusted net gearing ratio[5] of 0.43 times

FINANCIAL HIGHLIGHTS

US$'million	Three months ended		Change	Three months ended	Change
	31 Mar 2018 (1Q 2018)	31 Mar 2017 (1Q 2017)		31 Dec 2017 (4Q 2017)	
Revenue	1,816	2,046	**-11%**	1,923	**-6%**
Gross Profit	248	291	**-15%**	261	**-5%**
EBITDA[1]	**121**	**183**	**-34%**	**156**	**-23%**
Underlying Profit[2]	**25**	**84**	**-70%**	**37**	**-34%**
Net Profit/(Loss)[3]	**12**	**38**	**-68%**	**-29**	**n.m**
Earnings per Share[4] (US$ cents)	0.09	0.29	-69%	-0.23	n.m

Singapore, 15 May 2018 – Golden Agri-Resources Ltd and its subsidiaries ("GAR" or the "Company") recorded a decline in revenue to US$1.8 billion for the first quarter 2018 corresponding to decreases in both palm production and CPO prices. EBITDA[1] reached US$121 million, while underlying profit[2] also came in lower at US$25 million.

Despite these lower results, GAR's financial position as at 31 March 2018 remained healthy with adjusted net gearing ratio[5] of 0.43 times. Total consolidated assets continued to expand to US$8.37 billion.

SEGMENTAL PERFORMANCE

<u>Plantations and palm oil mills</u>

Palm product output in the first quarter 2018 decreased both year-on-year and quarter-on-quarter by 12 percent and 6 percent, respectively, to approximately

612,000 tonnes. The lower year-on-year production was attributable to unusually high production last year in relation to the recovery from El Niño phenomenon in 2015, while the quarter-on-quarter decline was due to seasonality. Furthermore, several estates in southern part of Kalimantan and Sumatra are still impacted by the prolonged drought condition. Coupled with lower CPO prices, EBITDA[1] for the quarter was weaker at US$95 million. However, the margin remained resilient at 28 percent.

As per 31 March 2018, GAR's planted area stood at 500,345 hectares, of which 21 percent belongs to plasma smallholders. The harvested area of 478,388 hectares yielded an average of 4.4 tonnes per hectare for the current quarter. The productivity of older estates (above 25 years age) continues to be high, with an average yield of 4.5 tonnes of fruits per hectare. The younger estates and replanting use a new generation of seeds that are higher yielding to sustain long-term production growth.

Palm and laurics

The downstream business continues to focus on enhancing integration and pushing higher value added products. However, recent governments' intervention in commodity markets, specifically in Malaysia and India, resulted in margin compression for palm and laurics segment in the first quarter. EBITDA[1] reached US$25 million with a margin of 1.6 percent.

Oilseeds and Others

The oilseed and food business in China continued its positive contribution to the Company's EBITDA amidst the competitive market environment. The segments reached a combined EBITDA[1] of US$2.8 million during the first quarter 2018. Main contribution came from the oilseeds segment, which achieved a stronger EBITDA[1] margin of 1.6 percent. The divestment of the Tianjin plant was also completed in April 2018.

OUTLOOK AND STRATEGY

Mr. Franky Widjaja, GAR Chairman and Chief Executive Officer commented: "First quarter 2018 was a challenging period for the palm oil industry. Industry experts are also concerned about a production surplus in the second half of the year, due to seasonality and low production in the first quarter. However, we believe CPO prices will be supported by growing food demand as well as from increasing biodiesel usage. Over the long term, we believe demand for palm oil will remain strong, and the industry is well positioned to ride out occasional periods of volatility."

Mr. Widjaja further explained: "GAR will continue to focus on two main activities: leveraging technology to drive operational transformation and achieve leadership in productivity and cost efficiency; and focusing on delivering responsibly produced, value-added palm oil products that meet customer needs. We believe this combination and our integrated business value chain will result in responsible growth of the Company and long-term shareholders return."

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About Golden Agri-Resources Ltd (GAR)

GAR is one of the leading palm oil plantation companies with a total planted area of 500,345 hectares (including plasma smallholders) as at 31 March 2018, located in Indonesia. It has integrated operations focused on the production of palm-based edible oil and fat.

Founded in 1996, GAR was listed on the Singapore Exchange in 1999 and has a market capitalisation of US$3.4 billion as at 31 March 2018. Flambo International Limited, an investment company, is currently GAR's largest shareholder, with a 50.35 percent stake. GAR has several subsidiaries, including PT SMART Tbk which was listed on the Indonesia Stock Exchange in 1992.

GAR is focused on responsible palm oil production. In Indonesia, its primary activities include cultivating and harvesting of oil palm trees; processing of fresh fruit bunch into crude palm oil (CPO) and palm kernel; refining CPO into value-added products such as cooking oil, margarine, shortening, biodiesel and oleo-chemicals; as well as merchandising palm products throughout the world. It also has operations in China and India including a deep-sea port, oilseeds crushing plants, production capabilities for refined edible oil products as well as other food products such as noodles.

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[1] *Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net gain or loss from changes in fair value of biological assets, and foreign exchange gain or loss.*
[2] *Net profit attributable to owners of the Company, excluding net effect of net gain or loss from changes in fair value of biological assets, depreciation of bearer plants, exceptional items and other non-operating items (foreign exchange gain or loss and deferred tax income or expense).*
[3] *Net profit or loss attributable to owners of the Company.*
[4] *Earnings per share is net profit attributable to owners of the Company divided by weighted average number of shares.*
[5] *Adjusted net debt (interest bearing debts less cash and short-term investments as well as liquid working capital) divided by equity attributable to owners of the Company.*